

AMENDED IN SENATE JULY 22, 1998
AMENDED IN SENATE JULY 9, 1998
AMENDED IN SENATE JULY 2, 1998
AMENDED IN ASSEMBLY MAY 6, 1998
AMENDED IN ASSEMBLY APRIL 14, 1998
AMENDED IN ASSEMBLY MARCH 24, 1998

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

ASSEMBLY BILL

No. 1994

Introduced by Assembly Member Bowen

February 18, 1998

An act to add Section 17538.9 to the Business and Professions Code, relating to advertising.

LEGISLATIVE COUNSEL'S DIGEST

AB 1994, as amended, Bowen. Advertising: prepaid calling cards and services.

Existing law provides for the regulation of advertising in the state.

This bill, *the provisions of which would become operative on July 1, 1999*, would prescribe certain standards and requirements for consumer disclosure and services with respect to the advertising and sale of prepaid calling cards and prepaid calling services, as defined.

Existing law makes it a crime to violate any of the provisions regulating advertising. By adding these new standards and

requirements with respect to the advertising of prepaid calling cards and prepaid calling services, this bill would expand the scope of an existing crime, thereby creating a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 17538.9 is added to the Business
2 and Professions Code, to read:

3 17538.9. (a) For the purposes of this section:

4 (1) “Company” refers to any entity providing prepaid
5 calling services to the public using its own or a resold
6 telecommunications network.

7 (2) “Prepaid calling services” or “services” refers to
8 any prepaid telecommunications service that allows
9 consumers to originate calls through an access number
10 and authorization code, whether manually or
11 electronically dialed.

12 (3) “Prepaid calling card” or “card” means any object
13 containing an access number and authorization code that
14 enables a consumer to use prepaid calling services. It does
15 not include any object of that type used for promotional
16 purposes.

17 (b) The following standards and requirements for
18 consumer disclosure and services shall apply with respect
19 to the advertising and sale of prepaid calling cards and
20 prepaid calling services:

21 (1) Any advertisement of the price, rate, or unit value
22 in connection with the sale of prepaid calling services
23 shall include a disclosure of any geographic limitation to
24 the advertised price, rate, or unit value, as well as a
25 disclosure of any additional surcharges, call setup charges,

1 or fees applicable to the advertised price, rate, or unit
2 value.

3 (2) The following information shall be legibly printed
4 on the card:

5 (A) The name of the company.

6 (B) A toll-free customer service number.

7 (C) A toll-free network access number, if required to
8 access service.

9 (D) The authorization code, if required to access
10 service.

11 (E) The expiration date or policy, if applicable, except
12 where paragraph (6) applies.

13 (3) The company shall print legibly on the card or
14 packaging, and the vendor shall make available in a
15 prominent area at the point of sale of the prepaid calling
16 card or prepaid calling services, the following
17 information:

18 (A) Any surcharges or fees, including monthly fees,
19 per-call access fees, or surcharges for the first minute of
20 use that may be applicable to use of the prepaid calling
21 card or prepaid calling services within the United States.

22 (B) Whether there are additional or different prices,
23 rates, or unit values applicable to international usage of
24 the prepaid calling card or prepaid calling services.

25 (C) The minimum charge per call, such as a
26 three-minute minimum charge, if any.

27 (D) The charge for calls that do not connect, if any.

28 (E) The definition of the term “unit,” if applicable.

29 (F) The billing decrement.

30 (G) The name of the company.

31 (H) The recharge policy, if any.

32 (I) The refund policy, if any.

33 (J) The expiration policy, if any.

34 (K) The 24-hour customer service toll-free telephone
35 number required in paragraph (4).

36 (4) Each company shall establish and maintain a
37 toll-free customer service telephone number with a live
38 operator to answer incoming calls 24-hours a day, seven
39 days a week, through which consumers may lodge

1 relevant complaints and through which the following
2 information may be obtained by consumers:

3 (A) All rates, surcharges, and fees.

4 (B) The company's recharge, refund, and expiration
5 policies.

6 (C) The balance of use in the consumer's account, if
7 applicable.

8 (5) Each company that issues prepaid calling cards or
9 prepaid calling services shall provide a refund to any
10 purchaser of a prepaid calling card or prepaid calling
11 services if the network services associated with that card
12 or services fail to operate in a commercially reasonable
13 manner. The refund shall be in an amount not less than
14 the value remaining on the card or in the form of a
15 replacement card, and shall be provided to the consumer
16 within 60 days from the date of receipt of notification
17 from the consumer that the card has failed to operate in
18 a commercially reasonable manner.

19 (6) Cards without a specific expiration date or policy
20 printed on the card, and with a balance of service
21 remaining, shall be considered active for a minimum of
22 one year from the date of purchase, or if recharged, from
23 the date of the last recharge.

24 (7) In the case of prepaid calling cards or services
25 utilized at a payphone, the company may provide voice
26 prompt notification of any applicable payphone
27 surcharges, in lieu of providing notice of surcharges as
28 required by paragraph (1) and by subparagraph (A) of
29 paragraph (3).

30 (c) This section shall become operative on ~~April 1~~ July
31 1, 1999.

32 SEC. 2. No reimbursement is required by this act
33 pursuant to Section 6 of Article XIII B of the California
34 Constitution because the only costs that may be incurred
35 by a local agency or school district will be incurred
36 because this act creates a new crime or infraction,
37 eliminates a crime or infraction, or changes the penalty
38 for a crime or infraction, within the meaning of Section
39 17556 of the Government Code, or changes the definition

1 of a crime within the meaning of Section 6 of Article
2 XIII B of the California Constitution.
3 Notwithstanding Section 17580 of the Government
4 Code, unless otherwise specified, the provisions of this act
5 shall become operative on the same date that the act
6 takes effect pursuant to the California Constitution.

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